Accounting Event	GL Entries Per SCO	GL Entries Per CALSTARS
Receipt of loan repayment	Cr. 8000	Cr. 9811
Repayment of loan in fund that received the loan	Dr. 9000	Dr. 9812

Both SCO and CALSTARS treat interfund loan activities similar to operating transfers. SCO and CALSTARS both display the loan activities in Account Type **T** (Operating Transfers Out) and Account Type **R** (Operating Transfers In) accounts. Therefore, there should be no reconciling items between the SCO Agency Reconciliation Report and the CALSTARS DB2 SCO/CALSTARS Monthly Reconciliation and the CALSTARS HB4, Appropriation Transaction Summary Report.

Year-end Activities

Accruals:
When interest earned or scheduled loan repayments for long-term interfund loans are due within one year, the amounts are accrued at year-end. However, these amounts may only be accrued and reported when the SCO has provided the interest and repayment information.

Year-end Statements:
Footnotes are not required for interfund loans on the year-end statements. Refer to Volume 7, Chapter IV for additional information.

Establishing CALSTARS Tables

The following discussion relates to the establishment of Operating Transfers In and Operating Transfers Out accounts required for interfund loans. Refer to Volume 2, Chapter IV for additional information on establishing these tables and other tables related to interfund loans, e.g., PCA tables for revenue or expenditure transactions.

Budget Sequence (BS) Table:
Although interfund loans are not scheduled (appropriated/budgeted), the SCO may post a budget in the fund making a loan. TC 010 is used to record the budget for the interfund loan (Operating Transfers Out). The BS Table entry must be established prior to posting the TC 010 if the OC Table CY-SCH10 indicator is **Y**. BS Table entry **001** may be used.

Appropriation Symbol (AS) Table:
A unique Appropriation Symbol should be established in CALSTARS for each interfund loan account maintained by the SCO. When possible, use the same codes as the SCO. The table below includes coding conventions that may be used when the SCO codes are blank. Refer to Volume 2, Chapter IV-AS, for complete coding information.

Data Element	Description
Account Type	For the fund <u>making</u> an interfund loan (Operating Transfers Out), use the SCO's Category Code or **00** if blank. For the fund <u>receiving</u> an interfund loan (Operating Transfers In), use **RR**.
Program	Leave blank.
Character	Normally related to Support. Use **1**.
Reference	For the fund <u>making</u> an interfund loan (Operating Transfers Out), use the SCO's Reference. For the fund <u>receiving</u> an interfund loan (Operating Transfers In), use **980**.
SCO Account Segment – Account Type	For the fund <u>making</u> an interfund loan (Operating Transfers Out), use **T**. For the fund <u>receiving</u> an interfund loan (Operating Transfers In), use **R**.
SCO Account Segment – Control Type	For the fund <u>making</u> an interfund loan (Operating Transfers Out), use **C**. For the fund <u>receiving</u> an interfund loan (Operating Transfers In), use **Q**.
SCO Account Segment – Revenue Account	Leave blank.
Allotment Object Level Indicator	Use **0**. Interfund loan transactions do not post to the Allotment File.
Reversion Indicator	Use **0.** Generally, operating transfers accounts are only for one year. At year-end, agencies may change the indicator to **1** to facilitate the management of the account balance that may not be available to the agency in the new year.

PA Table:
A direct PCA should be established to record the Operating Transfers Out for an interfund loan. The PCA must not reference a clearing account since the Operating Transfers Out will post directly against the appropriation. Accounting transactions for operating transfers, as well as expenditures, reimbursements, and revenues, post to the CALSTARS 'Q' (Operating File) reports. Program **95**, Fund Source **Z**, Object Detail **626**, and Source **3nnnn0**, where n is the Fund number, should be used to identify interfund loan activities. See Volume 2, Chapter IV-PA, for complete coding information.

EXHIBIT IV-1
RECORD **SPECIFICALLY AUTHORIZED** SHORT-TERM AND LONG TERM INTERFUND LOAN
IN THE <u>FUND THAT MAKES THE LOAN</u>

Record An Original Appropriation:		

1	Record an original appropriation:
	TC 010 - Record an Original Appropriation
	    Dr. 6120 Appropriations-Offset
	        Cr. 6110 Appropriations
		Use TC 010 to set up a budget for an interfund loan (Operating Transfers Out). Use TC 010R to decrease the budget. Budget Sequence **001** may be used if the OC Table CY-SCH10 indicator is **Y**. The SCO Journal Entry will debit GL 5510 and credit GL 6030 on an SCO Account Type "T" (Operating Transfers Out) to post a budget to the account.

Record Interfund Loan:		

2	Record loan:
	(A) TC 481 - To Record Operating Transfers Out
	        Dr. 9812 Operating-Transfers-Out
	            Cr. 1140 Cash in State Treasury
	
	- And -
	
	For Long-Term Interfund Loans
	
	(B) TC L01 - Record Interfund Loan Noncurrent
	        Dr. 2170 Interfund Loans Receivable
	            Cr. 5370 Reserve for Interfund Loans Receivable
		Use TC 481 to record the total amount of the interfund loan. Use Object Detail code **626**. Use Subsidiary **nnnn0000**, where nnnn identifies the fund receiving the interfund loan. The SCO may debit GL 9022 - Expenditures, instead of GL 9812 - Operating Transfers Out, when the loan is from a Governmental Cost Fund to a Non-Governmental Cost Fund.
		
		Use TC L01 to record the noncurrent portion of the interfund loan. Use the same Subsidiary that was used with the TC 481. The SCO will debit GL 2170 Interfund Loans Receivable and credit GL 5370 Reserve for Interfund Loans Receivable for the noncurrent portion of the loan.

Record Interfund Loan Repayment:		

3	Record loan repayment:
	(A) TC 483 - To Record Operating Transfers In
	        Dr. 1140 Cash in State Treasury
	            Cr. 9811 Operating Transfers In
	
	- And -
	
	For Long-Term Interfund Loans
	
	(B) TC L02 – Record Liquidation of Long-Term Interfund Loan
	        Dr. 5370 Reserve for Interfund Loans Receivable
	            Cr. 2170 Interfund Loans Receivable
		Use TC 483 to record loan repayment. Use Source **3nnnn0** where *nnnn* identifies the fund making the loan repayment. Use Subsidiary **nnnn0000**, where nnnn identifies the fund making the transfer.
		
		The SCO may credit GL 9830 - Loan Repayments (with Source code **530000**), when the Loan is between a Governmental Cost Fund and a Non-Governmental Cost Fund.
		
		Use TC L02 to liquidate a long-term interfund loan. Use the same Subsidiary that was used with the TC 483. The SCO will debit GL 5370 Reserve for Interfund Loans Receivable and credit GL 2170 Interfund Loans Receivable.

Record interest payment:		

4	Record Interest Payment:
	  TC 136 - Record SCO Collection of Revenue (Not Billed)
	    Dr. 1140 Cash in State Treasury
	      Cr. 8000 Revenue/Operating Revenue
		Use TC 136 to record interest earned. For Governmental Cost funds, use Source code **150500;** for Non-Governmental funds, use Source code **214000**.

Record accrual of loan repayment and interest when payment is due within one year:		

5	Record accrual of loan repayment due within one year:
	(A) TC 260 - Record Accrual of Operating-Transfers
	    Dr. 1400 Due From Other Funds or Appropriations
	      Cr. 9811 Operating Transfers In
		Use TC 260 to accrue interfund loan repayment. Use Source **3nnnn0**. Use Subsidiary **nnnn0000**. Refer to Entry # 3 above.

	- AND -
	
	  TC L02 – Record Liquidation of Long-Term Interfund Loan
	    Dr. 5370 Reserve for Interfund Loans Receivable
	      Cr. 2170 Interfund Loans Receivable
		Use TC L02 to liquidate a long-term interfund loan. Use the same Subsidiary that was used with the TC 483. The SCO will debit GL 5370 Reserve for Interfund Loans Receivable and credit GL 2170 Interfund Loans Receivable

	Record accrual of interest due within one year:
	(B) TC 176 - Record Amount Due From Other Funds
	    Dr. 1400 Due From Other Funds …
	      Cr. 8000 Revenue/Operating Revenue
		Use TC 176 to accrue interest earned. Use Source code **150500 or 214000**. Refer to Entry # 4 above.
		
		SCO does not issue a Journal Entry to record an accrual for either the loan repayment or interest earned.

Record liquidation of interfund loan accruals:		

6.	Liquidate loan repayment accrual:
	  (A) TC 259 – Liquidate Due From Other Funds
	    Dr. 1140 Cash In State Treasury
	      Cr. 1400 Due From Other Funds
		Use TC 259 to liquidate loan repayment accrual and to record SCO receipt for interfund loan repayment. Use coding per Entry # 5A above.

	Liquidate revenue/operating revenue accrual:
	  (B) TC 135 – SCO Receipt of…Revenue/Operating
	     Revenue
	    Dr. 1140 Cash In State Treasury
	  Cr. 1400 Due From Other Funds
		Use TC 135 to liquidate interfund loan interest accrual and to record SCO receipt for interest earned. Use coding per Entry # 5B above.